

SUBMISSION TO GOVERNMENT PRICES OVERSHIPS COMMISSION

The Rail, Tram & Bus Union (RTBU) was formed on 1st March 1993 through an historic amalgamation of 3 railway unions and one tram and bus union. The RTBU is the workers response to a decade of massive change in public transport, often motivated by anti union and privatisation ideology.

The RTBU is affiliated to the ACTU and has been closely involved in the development of trade union policy on competition policy and has been involved in the application of competitive entry into urban bus industry and is able from first hand experience to comment on developments within this industry.

The RTBU is affiliated to the International Transport Federation which has affiliates in nearly 100 countries with several million members and monitors privatisation, contracting out and deregulation as well as safety within the industry.

The Tasmania Branch of the RTBU is grateful for the opportunity to put in a submission to raise the following points

1. GST

We believe that the GST on public transport should be removed, as public transport is an essential service especially to most disadvantaged members of the community. The GST has made driving a car cheaper by replacing wholesale taxes of 22% with a GST of 10%, whilst it has made using public transport more expensive, before GST public transport tickets were not taxed. Rail and bus industry figures show that this has led to a 3% decline in public transport passenger numbers.

Internationally, many countries have used taxation policies which encourage, rather than discourage public transport usage. Their tax on public transport is much lower than the standard tax rate. As well the introduction of GST and abolition of sales tax has also made the purchase of a new car off the showroom floor cheaper again something only which can really be afforded by people on a higher pay scale.

	Public transport rate	Standard transport rate
Austria	10	20
Australia	10	10
Belgium	6	21
Finland	8	22
France	5.5	20.6
Germany	7	16
Greece	8	18
Italy	0	16
Netherlands	6	17.5
Spain	7	16
United Kingdom	0	16

Tax rates on public transport
(Source: Track and Signal Magazine July-Sept 2002)

2. FBT

FBT ensures that tax is paid on fringe benefits provided in place of or in addition to salary or wages.

Different fringe benefits attract different tax rates e.g. cars offered as a fringe benefit are taxed between 7-26%. This makes cars a very attractive fringe benefit for companies, with the result that government and company cars make up 40% of peak hour traffic and 20% of all traffic.

The higher the mileage, the lower the rate of tax, as the extra mileage is assumed to be for business purposes (ATO, 2001), therefore workers are encouraged to drive further to reduce the tax payable on their cars, whilst a public transport pass offered as a fringe benefit is taxed at 48.5%.

The end results of having a higher FBT for public transport then for cars is.

- Fringe benefits which usually are only provided to higher income earners means the FBT itself makes it easier for high income earners to drive, whilst doing nothing for lower income earners.
- Increased air pollution, noise pollution and fuel consumption.
- Adding to the nation's account deficit by having to import more fuel and related by-products.

Whilst accepting that both GST & FBT are more federal matters than state and local. We cannot help but notice the sad lack of objection from political parties of any persuasion.

It is hard enough now for companies both public and private to achieve passenger growth without having to combat GST & FBT's effects. Increasing the costs of public transport whilst reducing the costs of cars and trucks sends all the wrong messages to the community, not to mention greenhouse gas emissions.

INDUSTRIAL

The rank and file (drivers and support staff) are covered under the Metro Tasmania Award 1993, which was simplified in 2001, under the provisions of the Commonwealth Industrial Relations Act.

The industrial relations between the union and Metro management are generally of a cordial manner, however of late in some areas consultation and conciliation has been missing or slow to be taken up. The Branch through the mid ninety's to today have always tried to take a co-operative approach in negotiating with management as we realise that a co-operative approach to things is not only in both our interests but also the best interests of our customer base, the travelling public.

The overall view of both the current executive and the Branch rank and file is that for too long now the shoe has been on the other foot, that too many hard fought conditions of employment and changes to past practices have been given away for little. Whilst these changes to practices have been to keep Metro's services at a sustainable level, the one group who have suffered the most from these changes have been our members (drivers and support staff). In summary:

- Loss of eight hour guarantee (duties performed by drivers were no less than eight hours per day).
- Reduction of standby/emergency shifts (where a driver is at depot in case of emergency/accident or breakdown).
- Drivers of satellite yard buses cleaning buses not at overtime, but a separate lower rate.
- Contracting out of some "traditional" areas of employment ie. bus cleaning, tyre fitting.
- Closure of City and Mornington depots.
- Loss of day's off cancelled.
- Loss of route work traditionally covered by metro to Hobart Coaches (Metro's subsidiary).
- Agreement to employ part time and casual employee's.
- Combining of school runs ie. 2 into 1 (creating less work and overcrowding on some school only services).
- Charter rate agreement (lower paid rate than normal duties).

In the 2000 final report "Investigation of Metro Pricing Policies" overview and recommendation paragraphs 6 & 7, page 2 it states:-

“Metro has made substantial progress in lowering it’s unit cost over the past six years, costs excluding bus capital charges, have been reduced by 15 per cent, with the main reductions in driver costs and repairs and maintenance”.

“The Commission’s assessment of the appropriate allowance for providing the services is not a performance target for Metro while operating in the public sector with public sector awards and conditions of employment rather, it is the Commission’s estimate of the operator without the constraint of Metro public sector conditions”.

I personally find this statement amusing and at the same time frightening, particularly the last sentence and would if I may like to correct a few ‘anomalies’.

- A. Metro drivers are currently employed under the Metro Tasmania Award 2000 and as such, with the exception of the living wage case adjustments fought for by the ACTU, have not gained any substantial increases in real wage adjustments and even with the flow on’s, as soon as the Consumer Price Index annually adjusts the increase granted to members under the Metro award is negated anyway.
- B. As public sector employee’s, Tasmanian Bus members are the only members nationwide still on an award and not an enterprise bargaining agreement (EBA) and it would not surprise the Branch if we were the last public sector employees still on an award within Tasmania. In the Commission’s Assessment 2000 (4.3), page 37 it goes on to state:

“Drivers costs

The data included in the Benchmarking Assessment shows that Metro drivers are amongst the lowest paid in the sample, both in terms of wage costs and total labour costs (which includes wages on-cost). Metro labour cost per driver is 78 per cent of the public sector average and 95 per cent of the private sector average. Metro staff costs are typically lower than those of other operators in the assessment for most labour categories. It should be noted however that the ordinary rates for drivers under the Metro award are some 16 per cent more than those under the Tasmanian private sector award.

In aggregate terms (Driver Cost per Bus Hour), Metro’s costs are 90 per cent of the public sector’s average and 131 per cent of the private sector average. This indicates that the lower costs Metro incurs are primarily due to lower wages, but the comparative costs benefit is partially offset by driver productivity when compared to both the public and private sectors.”

- C. The Tasmania Branch would also like to highlight paragraph 3, page 37 of Commission’s Assessment 2000, 4.3 Driver Costs (4.3.1.1)

Whilst the statement “a greater proportion of the working time of Metro drivers is not spent ‘ behind the wheel’, particularly by comparison with the private sector” is quite true, this is because the RTBU together with Metro have drivers also employed within the organisation who perform multifaceted functions outside of the peak periods, these include drivers who are also supervisors, ticket inspectors, driving instructors, front of house staff accident investigator, operational planners, radio operators and bus dispatcher. The Branch wonders how many of these functions would be able to be competently performed by operators within the private sector.

- D. All government businesses are at a disadvantage to private sector competitors due to the impact of industrial awards which are applicable to public sector workers, as well as superior annual, long service, maternity and sick leave.
- E. Other public sector employees (police, fire, teacher’s, nurses, forestry and printing authority) have all significant wage gains within the last 16 months

THE EFFECTIVENESS OF SERVICES DELIVERED BY METRO

The RTBU is of the belief that since the Commission’s last investigation in 2000, the landscape has changed, with Metro taking delivery of 3 14.5 metre scania rigid buses (ultra low floor). Whilst our members are quite satisfied with the 14.5 metre scania’s, the news 12.5 metre ULF’s are quite a different story. We have had feedback from members that these buses are an ineffective mode of public transport for the streets of Hobart and we are concerned what the effects of these type of buses will be once they are deployed to Launceston and Burnie. Whilst they are superior to old bus technology in the areas of engine torque, smoothness of auto transmission and braking (ABS) the actual ride and quality of ride is quite rough. The saloon heaters of a winter are ineffective as is the ventilation system as well as not having any sort of climate control (air conditioning) in a bus with even more glass than the ‘Orana” scania city bus.

Panels are only ‘sikaflexed’ together and the buses already make a lot of rattles comparable to buses that on average perform over 400,000 kilometres a year and are about 10 to 12 years old.

Our membership in Hobart has concerns that this bus type will only serve to drive customers away. The staff satisfaction level with these buses is poor.

The RTBU congratulates Metro in it’s service enhancement, asset and infrastructure initiatives as well as it’s market information and customer care initiatives and is of the belief that the forward and progressive thinking of Metro management together with the board of directors can only enhance the public’s access to equitable public transport in some areas not traditionally covered by public transport.

The Branch also believes that with ongoing developments and continued improvements and adjustments to ‘fine tune’ things as route’s and time tables that this will help all

Tasmanians and help Metro itself in getting towards the vision, goals and benchmarks already set in the Tasmania Together process.

CSA AGREEMENT & INCENTIVES

The RTBU Tasmania Branch is of the belief that to comment on the 'mix' of revenues from fare box (25%) and the remainder coming from other business activities may not be in the best interest of members. However we will for public record state that with the current climate of the full fare paying customer disappearing and a further swing of concessional paying customers boarding that on the subject of funding changing, operating conditions for Metro must be taken into account, especially with factors like an aging customer base (baby boomers). As well as having an over reliance of supplementary income such as advertising (bus) which is subject to outside forces or conditions, may be detrimental and cause irreparable damage to the company.

RETURN ON CAPITAL/PROFIT VS "BREAKEVEN" FUNDING

In the invitation for submissions it states "the current regime of CAS payments to Metro purely reflects Metro's breakeven revenue needs and does not allow for a commercial return on the assets employed in the business">

The statement itself is not wholly clear but from the union's position we are of the belief that public transport is not there to provide net commercial returns to state governments.

In a publication by the International Transport Workers Federation (ITF) on the subject of British bus deregulation, the third paragraph aptly describes subsidisation.

"The first task facing the Tory government was to create the myth that subsidy to buses was improper. Subsidy became a dirty work. Even the unions started to talk about revenue or capital support, rather than use the dreaded word. The Tories selected key areas like London and Sheffield, with strong and left-wing Labour Party controlled councils which allocated funds from local taxation into bus subsidies. In London the Greater London Council (GLC), launched a pro-public transport policy of subsidised fares. What was called the Fares Fair policy of the GLC saw passenger journeys increase by 20% and passenger mileage by 12% - at a time when patronage had been rapidly declining, by about 5% per annum. For the first time twenty years the vicious circle had been squared, the growth of cars entering central London was halted and turned around. All this was only possible by taking the level of subsidy to 54% of costs, something quite comparable to the standards operating in similar European cities, which enjoy subsidies of up to three quarter of their costs.

Source – British Bus Deregulation International. Transport Workers Federation

INTEGRATION OF PUBLIC TRANSPORT SYSTEMS

The RTBU believes that integration with other public transport systems is not such an easy issue as it sounds. To quantify this statement the Branch is of the belief that the only true way a system can be integrated with other modes of transport are if those modes are operated and controlled by the one entity eg. STA Sydney (buses, trains and ferries).

Whilst integration may seem fine in principal, at the end of the day transport providers be they along the lines of publicly or privately owned are still in competition with each other particularly if they are operating in the same area.

Other factors to take into account can be seen by the recent collapse of National Express who successfully tendered to operate part of Melbourne's former public transport rail sector (the MET) under Kennett's privatisation plan.

National Express management themselves admitted that part of their downfall was operating to an 'integrated' ticketing system of which they had no control over.

This system was provided so a transport user could but a sectionalised ticket and use the same ticket with the other rail transport provider (Connex) as well as National Express or vice versa.

These ticket vending machines, which from all accounts never worked properly and were prone to vandalism were controlled by a third party which also was responsible for maintenance and collection of revenues.

Please refer attachment 1.

In Graham Stevenson's article on British Bus deregulation his comments are:-

"There is not doubt that a single, local monopoly operator providing a high quality, reliable 10 minute service is much more useful to the passenger than one which doubles the amount of buses operating destructively against each other. But, as the incumbent operator's core profits are hit by competition, the ability to cross subsidise and support less remunerative routes and evening and Sunday services is undermined. At the end of the day, the low cost operator can legitimately charge a lower fare, but only operates in the remunerative periods of the day. The larger operator, with much heavier overheads, gives the public a comprehensive service, but this is constantly challenged."

And furthermore with taxi's being the only other 'real' alternative of public transport in Tasmania, the mind set behind usage of both must be understood in that

- (1) Taxi's are most often used by those that can afford to use them and
- (2) Buses are mainly used by those who are reliant or semi reliant on the social welfare system, self funded retiree's or under age.

There is more co-operation now than what has been in the past between private and publicly run companies. To achieve the aim of getting the passengers to where they want to go, particularly places outside of Metro's area of operation (30km from GPO).

REFERENCES:

1. Track and Signal Magazine July-Sept 2000
2. British Bus Deregulation by Graham Stevenson on behalf of International Transport Workers' Federation.
3. Rail and Urban Public Transport – a new policy for a new century - by Rail, Tram & Bus Union January 2002
4. 'Herald Sun' – 17th December 2002 – story by John Masanauskas – Transport Reporter
5. 'The Age' – 18th December 2002 – story by Andrew Heasely – Transport Reporter.

